Form (2) Sr. No. 667
Dated 20.5.2000

The Myanmar Investment Commission

PERMIT

Permit No. 338/2000

Date 20th MAY, 2000

The Myanmar Investment Commission issues this Permit under Section 10 of the Union of Myanmar Foreign Investment Law -

(a) Name of Promoter MR. KEISUKE OKAMURA

(b) Citizenship JAPANESE

(c) Address ROOM 2302, 23rd FLOOR, FLAT 02, BLOCK N, KORN HILL, 14-16 HONG ON STREET, QUARRY BAY, HONG KONG

(d) Name and address of principal organization POSTARION LIMITED, ROOM 1401A, STAR HOUSE, 3 SALISBURY ROAD, TSIMSHATSUI, KOWLOON, HONG KONG

(e) Place of incorporation ROOM 1401A, STAR HOUSE, 3 SALISBURY ROAD, TSIMSHATSUI, KOWLOON, HONG KONG

(f) Type of business in which investment is to be made MANUFACTURING OF GARMENT (CHILDREN WEAR AND BABY WEAR) UNDER CMP BASIS

(g) Place (s) at which investment is permitted PLOT NO. (D-8) MINGALARDON INDUSTRIAL PARK, MINGALARDON TOWNSHIP, YANGON

(h) Amount of foreign capital US$ 2.029 MILLION

(i) Period for bringing in foreign capital WITHIN SIX YEARS AFTER INCORPORATION OF COMPANY

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US$ 2.029 MILLION

(k) Permitted duration of investment 48 YEARS

(l) Name of the economic organization to be formed in Myanmar MYANMAR POSTARION COMPANY LIMITED

U Thaung

Chairman

The Myanmar Investment Commission

မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

ခွင့်ပြုမိန့်

ခွင့်ပြုမိန့်အမှတ် ၃၃၀/၂၀၀၀ ၂၀၀၀ ခုနှစ်၊ မေ လ ၂၀ ရက်။

ပြည်ထောင်စုမြန်မာနိုင်ငံတော် နိုင်ငံခြားရင်းနှီးမြှုပ်နှံမှု ဥပဒေပုဒ်မ ၁၀ အရ ဤခွင့်ပြုမိန့်ကို မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှု ကော်မရှင်က ထုတ်ပေးလိုက်သည် -

(က) ကမကထပြုသူ၏အမည် MR. KEISUKE OKAMURA

(ခ) မည်သည့်နိုင်ငံသား JAPANESE

(ဂ) နေရပ်လိပ်စာ ROOM 2302, 23rd FLOOR, FLAT 02, BLOCK N, KORN HILL, 14-16 HONG ON STREET, QUARRY BAY, HONG KONG

(ဃ) ပင်မအဖွဲ့အစည်းအမည်နှင့်လိပ်စာ POSTARION LIMITED, ROOM 1401A, STAR HOUSE, 3 SALISBURY ROAD, TSIMSHATSUI, KOWLOON, HONG KONG

(င) ဖွဲ့စည်းရာအရပ် ROOM 1401A, STAR HOUSE, 3 SALISBURY ROAD, TSIMSHATSUI, KOWLOON, HONG KONG

(စ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်မည့်လုပ်ငန်းအမျိုးအစား CMP စနစ်ဖြင့် ကလေးဝတ် အထည်များ ထုတ်လုပ်ခြင်း လုပ်ငန်း

(ဆ) ရင်းနှီးမြှုပ်နှံမှုပြုလုပ်ခွင့်ပြုသည့်အရပ်ဒေသ(များ) မြေကွက်အမှတ် ဒီ-၀၁၊ မင်္ဂလာဒုံစက်မှုဇုန်၊ မင်္ဂလာဒုံမြို့နယ်၊ ရန်ကုန်တိုင်း

(ဇ) နိုင်ငံခြားမတည်ငွေရင်း အမေရိကန်ဒေါ်လာ ၂.၀၂၉ သန်း

(ဈ) နိုင်ငံခြားမတည်ငွေရင်းယူဆောင်လာရမည့်ကာလ ကုမ္ပဏီဖွဲ့စည်းပြီး နောက် (၆) နှစ်အတွင်း

(ည) စုစုပေါင်း မတည်ငွေရင်း ပမာဏ(ကျပ်) အမေရိကန်ဒေါ်လာ ၂.၀၂၉ သန်းနှင့်ညီမျှသော မြန်မာကျပ်ငွေ

(ဋ) ရင်းနှီးမြှုပ်နှံခွင့်ပြုသည့်သက်တမ်း (၃၀) နှစ်

(ဌ) မြန်မာနိုင်ငံတွင် ဖွဲ့စည်းမည့် စီးပွားရေးအဖွဲ့အစည်းအမည် MYANMAR POSTARION COMPANY LIMITED

ဥက္ကဋ္ဌ
မြန်မာနိုင်ငံရင်းနှီးမြှုပ်နှံမှုကော်မရှင်

Confidential

GOVERNMENT OF THE UNION OF MYANMAR

MYANMAR INVESTMENT COMMISSION

653 / 691, Merchant Street, Yangon.

Our ref : Ya Ka-1/491/2000(667)   Tel : 272219, 272855

Dated : 20th May 2000.   Fax : 095-01-282101

Subject : **Decision of the Myanmar Investment Commission on the Proposal for "Manufacturing of Garment (Children Wear and Baby Wear) under C.M.P Basis" under the name of "Myanmar Postarion Co., Ltd.".**

Reference: Ministry of Construction Letter No. 42/Khwe-3/2000 (C-1028) dated 21-3-2000.

1. The Myanmar Investment Commission, at its meeting 11/2000 held on 31-3-2000 had reviewed the proposal for investment in "Manufacturing of Garment (Children Wear and Baby Wear) under C.M.P Basis" under the name of "Myanmar Postarion Co., Ltd." submitted by Postarion Limited of Hong Kong as a wholly foreign owned investment. After careful review, it was deliberated that the proposed project be approved in principle for implementation and the proposal be submitted to the Cabinet meeting for final approval.

2. The Cabinet, at its meeting 16/2000 held on 4-5-2000 resolved to permit the implementation of the said project. Hence, the "Permit" is herewith issued in accordance with Chapter VI, Section 10 of the Union of Myanmar Foreign Investment Law and Chapter VI, Rule 13 of the Procedures relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. The permitted duration of the project shall be 48(Forty Eight) years. At the end of the Lease Period, Postarion Ltd. shall transfer the Land to Mingaladon Industrial Park Co., Ltd within 3(Three) months in good condition, ground damages having been refilled or repaired.

4. Myanmar Postarion Co., Ltd shall provide Land Use Premium to the amount of US $ 520,728 (United States Dollars Five Hundred Twenty Thousand Seven Hundred and Twenty Eight Only) in favour of Mingaladon Industrial Park Co., Ltd. in five installments as follows:_

(a) the first installment of US $ 52072.8 (United States Dollars Fifty Two Thousand Seventy Two and Eighty Cents Only) shall be paid on the date of signing of the Sub-Lease Agreement.

(b) the second installment of US $ 52072.8 (United States Dollars Fifty Two Thousand Seventy Two and Eighty Cents Only) shall be paid upon signing of the Sub-Lease Agreement, failing which Mingaladon Industrial Park Co., Ltd. shall have the right to terminate at its own discretion and the first payment shall be forfeited.

(c) the third installment of US $ 52072.8 (United States Dollars Fifty Two Thousand Seventy Two and Eighty Cents Only) shall be paid either within 4 (Four) months after signing of the Sub-Lease Agreement or upon issuing of Physical Delivery Receipt whichever comes earlier, failing which Mingaladon Industrial Park Co., Ltd shall have the right to terminate the Sub-Lease Agreement at its own discretion and the first payment and the second payment shall be forfeited.

(d) the fourth installment of US $ 52072.8 (United States Dollars Fifty Two Thousand Seventy Two and Eighty Cents Only) shall be paid on or before the date of 1 (one) year after the third payment.

(e) the final installment of US $ 312436.80 (United States Dollars Three Hundred Twelve Thousand Four Hundred Thirty Six and Eighty Cents Only) shall be paid 3 (three) equal and successive annual installments, each of which shall be paid pursuant to each Installment Payment Date.

5. Myanmar Postarion Co., Ltd shall pay the annual land rent on yearly basis at the rate of US $ 0.30 (United States Dollar Thrity Cents Only) per square meter per annum to the amount of US $ 3004.20 (United States Dollars Three Thousand and Four and Twenty Cents Only) and the Management Fees and Utility Charges to be paid in accordance with the eastate conditions of the Mingaladon Industrial Park. The Land rent shall be reviewed every 5 (Five) years and the increase of the rent shall not be more than 15 (Fifteen) percent of the previous rate.

6. Myanmar Postarion Co., Ltd shall provide a security deposit to the amount of US$ 3004.20 (United States Dollar Three Thousand and Four and Twenty Cents Only) to the Mingaladon Industrial Park Co., Ltd. on the date of the signing of the Sub-Lease Agreement.

7. In issuing this "Permit" the Commission has granted the following exemptions and reliefs:

(a) As per Section-21(a), exemption from income-tax up to 36(Thirty Six) months starting from the month of commencement of commercial operation.

(b) As per Section-21(b), regarding exemption from income-tax on profits of the business if they are maintained in a reserve fund and re-invested therein within one year after the reserve is made, Myanmar Postarion Co., Ltd shall apply for such exemption only after 3-years tax holiday period.

(c) As per Section-21(c), Myanmar Postarion Co., Ltd shall be granted to accelerate depreciation in respect of machinery, equipment, building or other capital assets used in the business to the extent of the original value for the purpose of income-tax assessment. However, Myanmar Postarion Co., Ltd shall have to apply to the Commission such rates of depreciation.

(d) As per Section-21(d), relief from income tax up to 50 percent on profits accrued from exports, such relief has to be applied, upon actual performance, following 3-years tax holiday period.

(e) As per Section-21(e), Myanmar Postarion Co., Ltd shall have the right to pay income-tax payable to the State on behalf of foreigners who have come from abroad and are employed in the enterprise and the right to deduct such payment from the assessable income.

(f) As per Section-21(f), the Commission has also approved the right to pay income-tax on the income of the above-mentioned foreigners at the rates applicable to the citizens residing within the country.

(g) As per Section-21(g), regarding the right to deduct from the assessable income such expenses incurred in respect of research and development relating to the enterprise which are actually required and are carried out within the State, Myanmar Postarion Co., Ltd shall apply, upon actual performance of such research and development programme, only after 3-years tax holiday period.

(h) As per Section-21(h), regarding right to carry forward and set-off up to three consecutive years from the year the loss is sustained following the enjoyment of exemption from income-tax, Myanmar Postarion Co., Ltd shall file the case, if any, to the Ministry of Finance and Revenue in accordance with Section-4 of the Income Tax Amendment Law, 1991.

(i) As per Section-21(i), exemption from customs duty and all other internal taxes on machinery, equipment, instruments, machinery components, spare parts and materials used in the business, which are imported as they are actually required for use during the period of construction.

(j) As per Section-21(j), exemption from customs duty and all other internal taxes on such raw materials and additional import of machinery, equipment and spare parts which are actually required for operation of the business shall be granted within three years of commercial operation following the period of construction.

8. Postarion Ltd shall have to sign the Sub-Lease Agreement with the Mingaladon Industrial Park Co., Ltd. After signing such Agreement, (5) copies each of those shall have to be forwarded to the Commission.

9. Myanmar Postarion Co., Ltd in consultation with the Department of Company Administration, Directorate of Investment and Company Administration shall have to be registered. After registration, (5) copies each of Certificate of Incorporation and Memorandum and Articles of Association shall have to be forwarded to the Commission.

10. Myanmar Postarion Co., Ltd shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

11. The official date of operation shall be reported to the Commission.

12. Myanmar Postarion Co., Ltd shall endeavour to meet the targets for production and export stated in the proposal as the minimum target.

13. The Commission approves periodical appointments of foreign experts and technicians from abroad as per Proposal. Myanmar Postarion Co., Ltd shall have to consult with Directorate of Labour, Ministry of Labour for appointment of such foreign experts and technicians.

14. In order to evaluate foreign capital in terms of Kyats and for the purpose of its registration in accordance with the provision under Section-24 of the Union of Myanmar Foreign Investment Law, it is compulsory to report as early as possible in the following manner.

(a) The amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened.

(b) The detailed lists of the type and value of foreign capital defined under Section-2(h) of the said Law, other than foreign currency, to the Chairman, Foreign Capital Evaluation Sub-Committee.

15. Whenever Myanmar Postarion Co., Ltd brings in foreign capital defined under Section 2(h) of the said Law, other than foreign currency in the manner stated in paragraph 14(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

16. After all types of foreign capital (foreign currency and other types of foreign capital) have been brought into Myanmar, a report shall have to be submitted to the Commission as prescribed, vide letter No. Na-Ya 9/101/92(416) dated 3-12-92 [Annexure(1)]

17. Myanmar Postarion Co., Ltd shall report to the Commission for any alteration in the physical and financial plan of the project. Cost over-run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

18. Myanmar Postarion Co., Ltd shall be responsible for the preservation of the environment at and around the area of the project site. Hence, it shall observe the directive issued by the Commission vide letter No. Ya Ka-1/139/94 (0440) dated 30-6-94 [Annexure(2)] to undertake all proper treatment systems and other necessary environmental control systems.

19. Myanmar Postarion Co., Ltd shall follow the procedures prescribed by the Commission, vide letter No. Ya Ka-7/408/94 (0424) dated 29-6-94 [Annexure(3)] to expedite the clearance of imports of capital and inter-industry use goods brought in as capital investment and raw materials required during the initial 3-year operation period.

20. Payment of principal and interest of the loan (if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the official foreign exchange earnings of Myanmar Postarion Co., Ltd.

21. Myanmar Postarion Co., Ltd, in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter VIII, Rule 15 of the Procedures relating to the Union of Myanmar Foreign Investment Law.

U Thaung

(U Thaung)
Chairman

Mr. Keisuke Okamura
Postarion Ltd.
c/o Director General
Department of Human Settlement and Housing Development.

cc:
1. Office of the Chairman of State Peace and Development Council
2. Office of the State Peace and Development Council
3. Office of the Government of the Union of Myanmar
4. Office of the Strategic Studies, Ministry of Defence
5. Ministry of National Planning and Economic Development
6. Ministry of Finance and Revenue
7. Ministry of Commerce
8. Ministry of Construction
9. Ministry of Foreign Affairs
10. Ministry of Home Affairs

11. Ministry of Immigration and Population
12. Ministry of Labour
13. Ministry of Electric Power
14. Chairman, Committee for Assisting the Myanmar Investment Commission (Governor, Central Bank of Myanmar)
15. Chairman, Foreign Capital Evaluation Sub-Committee (Director General, Central Equipment Statistics and Inspection Department)
16. Director General, Directorate of Investment and Company Administration
17. Director General, Customs Department
18. Director General, Internal Revenue Department
19. Managing Director, Myanma Foreign Trade Bank
20. Managing Director, Myanma Investment and Commercial Bank
21. Managing Director, Myanma Insurance
22. Managing Director, Myanma Electric Power Enterprise
23. Director General, Directorate of Trade
24. Director General, Immigration and National Registration Department
25. Director General, Directorate of Labour
26. Chairman, Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)